

CONTRACT #6
RFS # 317.05-104
FA # 06-16588-00

Finance & Administration
Division of Accounts

VENDOR:
American Express Travel
Related Services Company,
Inc.



STATE OF TENNESSEE
DEPARTMENT OF FINANCE AND ADMINISTRATION
DIVISION OF ACCOUNTS
21ST FLOOR, WILLIAM R. SNODGRASS TENNESSEE TOWER
312 - 8TH AVENUE, NORTH
NASHVILLE, TENNESSEE 37243-0293

DAVE GOETZ
COMMISSIONER

RECEIVED

AUG 29 2008

FISCAL REVIEW

To: Jim White, Director
Fiscal Review Committee

From: Jan I. Sylvis *Jan I. Sylvis*
Chief of Accounts

Subject: Extension of Contractor's Services and Service Rates and Lowering of
American Express rate

Date: August 28, 2008

The State of Tennessee accepts American Express credit cards for payment.

American Express recently contacted the Division of Accounts regarding a Tennessee Board of Regents' (TBR) request to be included in the contract between the Department of Finance and Administration and American Express, thereby allowing acceptance of the American Express card at their various universities and colleges. We also discussed the rate charged for American Express card transactions.

As a result of those discussions, we believe that it is in the state's best interest to amend the contract. This amendment permits the contractor's services and service rates to be extended to political subdivisions and institutions of the University of Tennessee and the TBR who choose to obtain these services and service rates.

In our current contract, American Express charges the state a rate of 2.25%. This amendment will allow American Express to charge a lower rate to the state and will also extend this same lower rate to any political subdivision, or any institution of the University of Tennessee or the TBR. The rate will lower from 2.25% to 2.20% for 18 months beginning November 1, 2008, and the rate will continue at 2.20% if the American Express charges reach \$30,000,000.00 during the 18 month period. If the \$30,000,000.00 volume is not reached within 18 months, the rate will return to 2.25% for the remainder of the contract term.

All required documentation is attached.

REQUEST: NON-COMPETITIVE AMENDMENT

APPROVED

Commissioner of Finance & Administration
Date:EACH REQUEST ITEM BELOW MUST BE DETAILED OR ADDRESSED AS REQUIRED.

1) RFS #	317.05-104	
2) State Agency Name :	DEPARTMENT OF FINANCE AND ADMINISTRATION	
EXISTING CONTRACT INFORMATION		
3) Service Caption :	Acceptance of American Express® Cards at State of Tennessee facilities	
4) Contractor :	AMERICAN EXPRESS TRAVEL RELATED SERVICES COMPANY, INC.	
5) Contract #	FA-06-16588	
6) Contract Start Date :	November 1, 2005	
7) <u>Current</u> Contract End Date IF <u>all</u> Options to Extend the Contract are Exercised :	October 31, 2010	
8) <u>Current</u> Total Maximum Cost IF <u>all</u> Options to Extend the Contract are Exercised :	\$1,500,000.00	
PROPOSED AMENDMENT INFORMATION		
9) <u>Proposed</u> Amendment #	Two	
10) <u>Proposed</u> Amendment Effective Date : (attached explanation required if date is < 60 days after F&A receipt)	November 1, 2008	
11) <u>Proposed</u> Contract End Date IF <u>all</u> Options to Extend the Contract are Exercised :	October 31, 2010	
12) <u>Proposed</u> Total Maximum Cost IF <u>all</u> Options to Extend the Contract are Exercised :	\$1,500,000.00	
13) Approval Criteria : (select one)	<input type="checkbox"/> use of Non-Competitive Negotiation is in the best interest of the state <input checked="" type="checkbox"/> only one uniquely qualified service provider able to provide the service	
14) Description of the Proposed Amendment Effects & Any Additional Service :		
American Express contacted the Division of Accounts regarding the Tennessee Board of Regents request to have the various TBR Universities & Colleges listed in Appendix A of the contract between the Department of Finance and Administration and American Express thereby allowing acceptance of the American Express card at the various TBR Universities and Colleges.		

As a result of this contact, there was discussion about the rate paid by the State for American Express card transactions.

This amendment permits the contractor's services and services rates to be extended to political subdivisions and institutions of the University of Tennessee and the Tennessee Board of Regents who choose to obtain these services and service rates.

The rate charged by American Express in the contract is 2.25%.

This amendment will allow the State of Tennessee to be charged a lower rate for American Express and will allow any political subdivisions, institutions of the University of Tennessee or the Tennessee Board of Regents to receive the same rate paid by the State of Tennessee. This amendment reduces the rate from 2.25% to 2.20% for 18 months beginning November 1, 2008 and the rate will continue at the 2.20% if the American Express charges reach \$30,000,000.00 during the 18 month period. If the \$30,000,000.00 volume is not reached the rate will return to 2.25% for the remainder of the contract term.

15) Explanation of Need for the Proposed Amendment :

This amendment will allow the State to pay a reduced rate to American Express (perhaps for a limited time period) and will allow other entities to benefit from the services and service rates contained in the State's contract.

16) Name & Address of Contractor's Current Principal Owner(s) :

(not required if proposed contractor is a state education institution)

AMERICAN EXPRESS TRAVEL RELATED SERVICES COMPANY, INC.

200 Vesey Street-WFC, 45th floor, New York, New York, 10285

17) Documentation of Office for Information Resources Endorsement :

(required only if the subject service involves information technology; N/A to THDA requests)

select one:



Documentation Not Applicable to this Request



Documentation Attached to this Request

18) Documentation of Department of Personnel Endorsement :

(required only if the subject service involves training for state employees)

select one:



Documentation Not Applicable to this Request



Documentation Attached to this Request

19) Documentation of State Architect Endorsement :

(required only if the subject service involves construction or real property related services)

select one:



Documentation Not Applicable to this Request



Documentation Attached to this Request

20) Description of Procuring Agency Efforts to Identify Reasonable, Competitive, Procurement Alternatives :

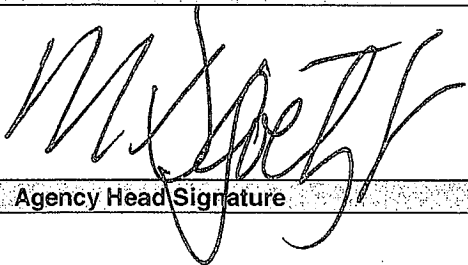
Other procurement alternatives are not applicable;

21) Justification for the Proposed Non-Competitive Amendment :

See 14 above.

REQUESTING AGENCY HEAD SIGNATURE & DATE :

(must be signed & dated by the ACTUAL procuring agency head as detailed on the Signature Certification on file with OCR— signature by an authorized signatory will be accepted only in documented exigent circumstances)



Agency Head Signature



Date

**AMENDMENT TWO
TO FA-06-16588**

This Contract Amendment is made and entered by and between the State of Tennessee, Department of Finance and Administration, hereinafter referred to as the "State" and American Express Travel Related Services Company, Inc., hereinafter referred to as the "Contractor." It is mutually understood and agreed by and between said, undersigned contracting parties that the subject Contract is hereby amended as follows:

1. The following provision is added as Contract Section A.20.:

A.20. The State permits the extension of the Contractor's services and service rates to political subdivisions of the State of Tennessee such as city and county governments and special districts as well as to the institutions of the University of Tennessee and the Tennessee Board of Regents. These extensions must be implemented through separate agreements at the option of the political subdivision or the institutions of the University of Tennessee or the Tennessee Board of Regents. Neither the State of Tennessee or the Department of Finance and Administration will be a party to such agreements or have any liability under such agreements.

2. The following provision is added as Contract Section A.21.:

A.21. Monthly, the Contractor shall provide a report of the total gross sales for the State and political subdivisions of the State of Tennessee and institutions of the University of Tennessee and the Tennessee Board of Regents. These reports must be received no more than 10 calendar days after each month-end and shall be submitted by the Contractor to the State contact designated in Section E.2. Communications and Contacts. in a form mutually agreed upon by the State and the Contractor.

3. The following provision is added as Contract Section A.22.:

A.22. For purposes of Section C.3. Payment Methodology for Payment to the Contractor., effective November 1, 2008 Gross Sales is defined as total gross sales for the State and political subdivisions of the State of Tennessee and institutions of the University of Tennessee and the Tennessee Board of Regents.

4. The text of Contract Section C.3. Payment Methodology for Payment to the Contractor. is deleted in its entirety and replaced with the following:

C.3. Payment Methodology for Payment to the Contractor. The Contractor shall be compensated based on the Service Rates herein for units of service authorized by the State, regardless of the method of Card acceptance by the State (i.e., whether the State accepts the Card via an Internet transaction, via a telephone transaction, via an in-person transaction, or otherwise) in a total amount not to exceed the Contract Maximum Liability established in Section C.1.

The Contractor shall be compensated based upon the following Service Rates:

Cost Item Description	11/1/2005 – 10/31/2006	11/1/2006 – 10/31/2007	11/1/2007 – 10/31/2008	11/1/2008 – 4/30/2010	5/1/2010– 10/31/2010
Rate (% of Gross Sales)	2.25%	2.25%	2.25%	2.20%	2.20% if Gross Sales during the period of 11/1/2008 to 4/30/2010 are greater than or equal to \$30,000,000.00; 2.25% if Gross Sales during the period of 11/1/2008 to 4/30/2010 are less than \$30,000,000.00;
Charge for authorizations by telephone (Cost Per Item (\$.XXXXXX))	\$.00000	\$.00000	\$.00000	\$.00000	\$.00000

DRAFT

The Contractor shall submit monthly invoices, in form and substance acceptable to the State with all of the necessary supporting documentation, prior to any payment. Such invoices shall be submitted for completed units of service for the amount stipulated.

The revisions set forth herein shall be effective November 1, 2008. All other terms and conditions not expressly amended herein shall remain in full force and effect.

IN WITNESS WHEREOF:

AMERICAN EXPRESS TRAVEL RELATED SERVICES COMPANY, INC.:

CONTRACTOR SIGNATURE

DATE

PRINTED NAME AND TITLE OF CONTRACTOR SIGNATORY (above)

DEPARTMENT OF FINANCE AND ADMINISTRATION:

M. D. GOETZ, JR., COMMISSIONER

DATE

APPROVED:

**M. D. GOETZ, JR., COMMISSIONER
DEPARTMENT OF FINANCE AND ADMINISTRATION**

DATE

JOHN G. MORGAN, COMPTROLLER OF THE TREASURY

DATE



**GENERAL ASSEMBLY OF THE STATE OF TENNESSEE
FISCAL REVIEW COMMITTEE**

320 Sixth Avenue, North - 8th Floor
NASHVILLE, TENNESSEE 37243-0057
615-741-2564

Rep. Charles Curtiss, Chairman
Representatives

Curt Cobb	Donna Rowland
Curtis Johnson	David Shepard
Gerald McCormick	Curry Todd
Mary Pruitt	Eddie Yokley
Craig Fitzhugh, <i>ex officio</i>	
Speaker Jimmy Naifeh, <i>ex officio</i>	

Sen. Douglas Henry, Vice-Chairman
Senators

Doug Jackson	Reginald Tate
Bill Ketron	Jamie Woodson
Paul Stanley	
Randy McNally, <i>ex officio</i>	
Lt. Governor Ron Ramsey, <i>ex officio</i>	

M E M O R A N D U M

TO: The Honorable Dave Goetz, Commissioner
Department of Finance and Administration

FROM: Charles Curtiss, Chairman, Fiscal Review Committee *cc*
Bill Ketron, Chairman, Contract Services Subcommittee *BK*

DATE: March 7, 2008

SUBJECT: **Contract Comments**
(Contract Services Subcommittee Meeting 2/25/08)

RFS# 317.05-094

Department: Finance & Administration/Division of Accounts

Contractor: American Express Travel Related Services Company

Summary: The vendor provides for the acceptance of American Express credit cards at various State of Tennessee facilities and through the State portal. The proposed amendment increases the maximum liability by \$975,000. The term of the contract remains the same.

Maximum liability: \$525,000

Maximum liability w/amendment: \$1,500,000

After review, the Fiscal Review Committee voted to recommend approval of the contract amendment.

cc: Ms. Jan Sylvis, Chief of Accounts
Mr. Robert Barlow, Director, Office of Contracts Review

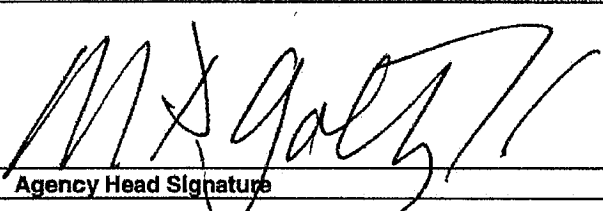

REQUEST: NON-COMPETITIVE AMENDMENT

APPROVED

Commissioner of Finance & Administration
Date:

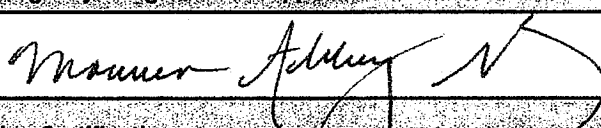
EACH REQUEST ITEM BELOW MUST BE DETAILED OR ADDRESSED AS REQUIRED.

1) RFS #	317.05-094		
2) State Agency Name :	DEPARTMENT OF FINANCE AND ADMINISTRATION		
EXISTING CONTRACT INFORMATION			
3) Service Caption :	Acceptance of American Express® Cards at State of Tennessee facilities		
4) Contractor :	AMERICAN EXPRESS TRAVEL RELATED SERVICES COMPANY, INC.		
5) Contract #	FA-06-16588		
6) Contract Start Date :	November 1, 2005		
7) <u>Current</u> Contract End Date IF <u>all</u> Options to Extend the Contract are Exercised :	October 31, 2010		
8) <u>Current</u> Total Maximum Cost IF <u>all</u> Options to Extend the Contract are Exercised :	\$525,000.00		
PROPOSED AMENDMENT INFORMATION			
9) <u>Proposed</u> Amendment #	One		
10) <u>Proposed</u> Amendment Effective Date : (attached explanation required if date is < 60 days after F&A receipt)	April 10, 2008		
11) <u>Proposed</u> Contract End Date IF <u>all</u> Options to Extend the Contract are Exercised :	October 31, 2010		
12) <u>Proposed</u> Total Maximum Cost IF <u>all</u> Options to Extend the Contract are Exercised :	\$1,500,000.00		
13) Approval Criteria : (select one)	<input checked="checked" type="checkbox"/> use of Non-Competitive Negotiation is in the best interest of the state <input type="checkbox"/> only one uniquely qualified service provider able to provide the service		
14) Description of the Proposed Amendment Effects & Any Additional Service :			
Amendment increases contract's maximum liability in order to continue accepting American Express credit cards @ state facilities. This amendment does not provide for any additional services nor does it impact the contract's current scope of services. The contract information in Section E.2. is updated.			

15) Explanation of Need for the Proposed Amendment :	
In order to provide American Express cards as a payment option at state parks and other state facilities, and through the State Internet Portal, an amendment to increase the maximum liability of the contract that governs the rules relating to the acceptance and processing of American Express cards is required because the number of merchant locations and the volume of transaction activity have increased.	
16) Name & Address of Contractor's Current Principal Owner(s) : (not required if proposed contractor is a state education institution)	
AMERICAN EXPRESS TRAVEL RELATED SERVICES COMPANY, INC. 200 Vesey Street-WFC, 45th floor, New York, New York, 10285	
17) Documentation of Office for Information Resources Endorsement : (required <u>only</u> if the subject service involves information technology)	
select one:	<input checked="checked" type="checkbox"/> Documentation Not Applicable to this Request <input type="checkbox"/> Documentation Attached to this Request
18) Documentation of Department of Personnel Endorsement : (required <u>only</u> if the subject service involves training for state employees)	
select one:	<input checked="checked" type="checkbox"/> Documentation Not Applicable to this Request <input type="checkbox"/> Documentation Attached to this Request
19) Documentation of State Architect Endorsement : (required only if the subject service involves construction or real property related services)	
select one:	<input checked="checked" type="checkbox"/> Documentation Not Applicable to this Request <input type="checkbox"/> Documentation Attached to this Request
20) Description of Procuring Agency Efforts to Identify Reasonable, Competitive, Procurement Alternatives :	
Other procurement alternatives are not applicable; in order to continue accepting American Express credit cards this amendment to increase the current contract's maximum liability is necessary.	
21) Justification for the Proposed Non-Competitive Amendment :	
The maximum liability needs to be increased due to the increase in fees because the number of merchant locations and the volume of transaction activity have increased.	
REQUESTING AGENCY HEAD SIGNATURE & DATE : (<u>must</u> be signed & dated by the <u>ACTUAL</u> procuring agency head as detailed on the Signature Certification on file with OCR— signature by an authorized signatory will be accepted only in documented exigent circumstances)	
	
Agency Head Signature	Date

CONTRACT SUMMARY SHEET

121107

RFS #				Contract #			
317.05-094				FA-06-16588-01			
State Agency				State Agency Division			
Finance and Administration				Division of Accounts			
Contractor Name				Contractor ID # (FEIN or SSN)			
American Express Travel Related Services Company				C- or <input checked="" type="checkbox"/> V- 133133497-			
Service Description							
Acceptance of American Express credit card							
Contract BEGIN Date		Contract END Date		Subrecipient or Vendor?		CFDA #	
11/1/2005		10/31/2010		Vendor			
Mark Each TRUE Statement							
<input checked="" type="checkbox"/> Contractor is on STARS				<input checked="" type="checkbox"/> Contractor's Form W-9 is on file in Accounts			
Allotment Code	Cost Center	Object Code	Fund	Funding Grant Code	Funding Subgrant Code		
317.05	51220	083	12				
FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount		
2006			\$ 70,000.00		\$ 70,000.00		
2007			\$ 105,000.00		\$ 105,000.00		
2008			\$ 595,000.00		\$ 595,000.00		
2009			\$ 275,000.00		\$ 275,000.00		
2010			\$ 325,000.00		\$ 325,000.00		
2011			\$ 130,000.00		\$ 130,000.00		
TOTAL:	\$ -	\$ -	\$ 1,500,000.00	\$ -	\$ 1,500,000.00		
— COMPLETE FOR AMENDMENTS ONLY —				State Agency Fiscal Contact & Telephone #			
FY	Base Contract & Prior Amendments	THIS Amendment ONLY	Rhonda Hicks -- 741.9795				
2006	\$ 70,000.00		State Agency Budget Officer Approval				
2007	\$ 105,000.00						
2008	\$ 195,000.00	\$ 400,000.00					
2009	\$ 75,000.00	\$ 200,000.00					
2010	\$ 75,000.00	\$ 250,000.00					
2011	\$ 5,000.00	\$ 125,000.00	Funding Certification (certification required by T.C.A., § 9-4-5113, that there is a balance in the appropriation from which the obligated expenditure is required to be paid that is not otherwise encumbered to pay obligations previously incurred)				
TOTAL:	\$ 525,000.00	\$ 975,000.00					
End Date	10/31/2010	10/31/2010					
Contractor Ownership (complete for ALL base contracts — N/A to amendments or delegated authorities)							
<input type="checkbox"/> African American	<input type="checkbox"/> Person w/ Disability	<input type="checkbox"/> Hispanic	<input type="checkbox"/> Small Business	<input type="checkbox"/> Government			
<input type="checkbox"/> Asian	<input type="checkbox"/> Female	<input type="checkbox"/> Native American	<input type="checkbox"/> NOT Minority/Disadvantaged				
Contractor Selection Method (complete for ALL base contracts — N/A to amendments or delegated authorities)							
<input type="checkbox"/> RFP	<input type="checkbox"/> Competitive Negotiation*		<input type="checkbox"/> Alternative Competitive Method*				
<input type="checkbox"/> Non-Competitive Negotiation*	<input type="checkbox"/> Negotiation w/ Government (ID, GG, GU)						
* Procurement Process Summary (complete for Non-Competitive Negotiation, Competitive Negotiation, OR Alternative Method)							
<div style="display: flex; justify-content: space-between; align-items: flex-end;"> <div> APR 18 2008 </div> <div> OIR/KM 78 4/18/08 </div> </div>							

**AMENDMENT ONE
TO FA-06-16588**

This Contract Amendment is made and entered by and between the State of Tennessee, Department of Finance and Administration, hereinafter referred to as the "State" and American Express Travel Related Services Company, Inc., hereinafter referred to as the "Contractor." It is mutually understood and agreed by and between said, undersigned contracting parties that the subject Contract is hereby amended as follows:

1. The text of Contract Section C.1. Maximum Liability, is deleted in its entirety and replaced with the following:

C.1. Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed one million five hundred thousand dollars (\$1,500,000.00). The Service Rates in Section C.3 shall constitute the entire compensation due the Contractor for the Service and all of the Contractor's obligations hereunder regardless of the difficulty, materials or equipment required. The Service Rates include, but are not limited to, all applicable taxes, fees, overheads, and all other direct and indirect costs incurred or to be incurred by the Contractor.

The Contractor is not entitled to be paid the maximum liability for any period under the Contract or any extensions of the Contract for work not requested by the State. The maximum liability represents available funds for payment to the Contractor and does not guarantee payment of any such funds to the Contractor under this Contract unless the State requests work and the Contractor performs said work. In which case, the Contractor shall be paid in accordance with the Service Rates detailed in Section C.3. The State is under no obligation to request work from the Contractor in any specific dollar amounts or to request any work at all from the Contractor during any period of this Contract.

2. The text of Contract Section E.2. Communications and Contacts, is deleted in its entirety and replaced with the following:

E.2. Communications and Contacts. All instructions, notices, consents, demands, or other communications required or contemplated by this Contract shall be in writing and shall be made by certified, first class mail, return receipt requested and postage prepaid, by overnight courier service with an asset tracking system, or by EMAIL or facsimile transmission with recipient confirmation. Any such communications, regardless of method of transmission, shall be addressed to the respective party at the appropriate mailing address, facsimile number, or EMAIL address as set forth below or to that of such other party or address, as may be hereafter specified by written notice.

The State:

Annette White, Director of Cash Management
Department of Finance and Administration
312 8th Avenue North, 14th Floor Tennessee Tower, Nashville, TN 37243
Annette.A.White@state.tn.us
Telephone # 615.532.1088
FAX # 615.532.2332

The Contractor:

Ritu Clementi
American Express
Government Services
ritu.g.clementi@aexp.com
Telephone #/ FAX # 877-467-1768



FISCAL REVIEW COMMITTEE
STATE OF TENNESSEE
8th FLOOR, RACHEL JACKSON BUILDING
NASHVILLE, TN 37243-0057
(615) 741-2564

Representative Charles Curtiss
Chairman

MEMORANDUM

TO: The Honorable Dave Goetz, Commissioner
Department of Finance and Administration

FROM: Charles Curtiss, Chairman

DATE: January 26, 2005

SUBJECT: Contract Comments (Contract Services Subcommittee
Meeting 1/25/05)

RFS# 317.05-033

Department: Finance and Administration

Contractor: American Express Travel Related Services

Summary: Provide the ability for the State of Tennessee to accept payments via American Express credit cards at state facilities and through the State Portal.

Maximum liability: \$350,000

After reviewing the above-referenced contract request the Fiscal Review Committee voted to recommend approval of the contract by the Commissioner of the Department of Finance and Administration.

CC:LSC

cc: The Honorable Dave Goetz, Commissioner,
Department of Finance and Administration
Mr. Robert Barlow, Director of Contracts Review

REQUEST: NON-COMPETITIVE CONTRACT

APPROVED

pursuant to F&A Commissioner signature

Commissioner of Finance & Administration

Date:

Each of the request items below indicates specific information that must be individually detailed or addressed as required.
A REQUEST CAN NOT BE CONSIDERED IF INFORMATION PROVIDED IS INCOMPLETE, NON-RESPONSIVE, OR DOES NOT
CLEARLY ADDRESS EACH OF THE REQUIREMENTS INDIVIDUALLY AS REQUIRED.


RFS #	317.05-033		
STATE AGENCY NAME :	Finance and Administration		
SERVICE CAPTION :	American Express Acceptance & Settlement		
PROPOSED CONTRACTOR :	American Express Travel Related Services		
CONTRACT START DATE : (If date is < 60 days after F&A receipt, attach required explanation)	11/1/2005		
LATEST POSSIBLE END DATE : (including ALL options to extend)	10/31/2010		
TOTAL MAXIMUM COST : (including ALL options to extend)	\$350,000		
APPROVAL CRITERIA : (select one)	<input type="checkbox"/> use of Non-Competitive Negotiation is in the best interest of the state <input checked="" type="checkbox"/> only one uniquely qualified service provider able to provide the service		
ADDITIONAL REQUIRED REQUEST DETAILS BELOW (address each item immediately following the requirement text)			
(1) description of service to be acquired :			
To provide the ability for the State of Tennessee to accept payments via American Express credit cards at state facilities and through the State Portal.			
(2) explanation of the need for or requirement placed on the procuring agency to acquire the service :			
In order to provide American Express cards as a payment option at state parks and through the State Internet Portal, a contract that governs the rules relating to the acceptance and processing of American Express cards is required. The contract with American Express covers rules concerning the state's acceptance of American Express cards, appropriate charges, settlement, payment, and problem resolution. Because the State can only contract with American Express to obtain these services, the contract must be procured on a non-competitive basis. The actual American Express charges are processed electronically through the Visa/Mastercard system. The Division of Accounts maintains a separate contract for this service. That contract is competitively bid.			
(3) explanation of whether the service was ever bought by the procuring agency in the past, and if so, what method was used to acquire it :			
The State of Tennessee has contracted with American Express since April 30, 1996.			

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Office of Contracts Review

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567494

(4) name and address of the proposed contractor's principal owner(s) : (not required if proposed contractor is a state education institution)	
Judy Schonfeld, Vice President New Industry Development-Government Services American Express Travel Related Services 3230 W. Commercial Boulevard, Suite 350 Fort Lauderdale, FL 33309	
(5) evidence that the proposed contractor has experience in providing the service and evidence of the length of time the contractor has provided service :	
There is only one corporate entity in the United States that offers such services, American Express.	
(6) documentation of OIR endorsement of the Non-Competitive procurement request : (required <u>only</u> if the subject service involves information technology)	
select one:	<input checked="" type="checkbox"/> Documentation Not Applicable to this Request <input type="checkbox"/> Documentation Attached to this Request
(7) documentation of Department of Personnel endorsement of the Non-Competitive procurement request : (required <u>only</u> if the subject service involves training for state employees)	
select one:	<input checked="" type="checkbox"/> Documentation Not Applicable to this Request <input type="checkbox"/> Documentation Attached to this Request
(8) description of procuring agency efforts to identify reasonable, competitive, procurement alternatives rather than to use non-competitive negotiation :	
There are no alternative ways to establish this contract of acceptance and settlement of American Express cards. The alternative is not to offer the American Express card as a payment option to those obtaining state services.	
(9) justification of why the state should acquire the service through Non-Competitive Negotiation rather than through a competitive process : (Being the "only known" or "best" service provider to perform the service as desired will not be deemed adequate justification.)	
In order to provide the American Express card as a payment option to those obtaining state services, a contract for acceptance and settlement with American Express is required.	
AGENCY HEAD REQUEST SIGNATURE: (must be signed by the ACTUAL procuring agency head as detailed on the Signature Certification on file with OCR — signature by an authorized signatory will be accepted only in documented exigent circumstances)	<div style="border: 1px solid black; height: 80px; width: 100%; position: relative;"> <div style="position: absolute; top: 10px; right: 10px; font-size: 2em; font-family: cursive;">  </div> </div> <div style="border-top: 1px solid black; padding-top: 5px;"> SIGNATURE DATE 12/8/04 </div>

CONTRACT SUMMARY SHEET

8-8-05

RFS #		Contract #	
317.05-057		FA-06-1588-00 FA-06-16588-00	
State Agency		State Agency Division	
Finance and Administration		Division of Accounts	
Contractor Name		Contractor ID # (FEIN or SSN)	
American Express Travel Related Services Company		C- or <input checked="" type="checkbox"/> V- 13313316407	
Service Description			
Acceptance of American Express credit card			
Contract BEGIN Date	Contract END Date	Subrecipient or Vendor?	CFDA #
1-Nov-05	31-Oct-10	Vendor	
Mark, if Statement is TRUE			
<input checked="" type="checkbox"/> Contractor is on STARS as required		<input checked="" type="checkbox"/> Contractor's Form W-9 is on file in Accounts as required	
Allotment Code	Cost Center	Object Code	Fund
317.05	4831	083	12
FY	State	Federal	Interdepartmental
2006			\$ 70,000.00
2007			\$ 105,000.00
2008			\$ 105,000.00
2009			\$ 105,000.00
2010			\$ 105,000.00
2011			\$ 35,000.00
TOTAL	\$ -	\$ -	\$ 525,000.00
Funding Grant Code			
Funding Subgrant Code			
TOTAL Contract Amount			
\$ 525,000.00			
COMPLETE FOR AMENDMENTS ONLY			
FY	Base Contract & Prior Amendments	THIS Amendment ONLY	State Agency Fiscal Contact & Telephone #
			Rhonda Hicks -- 741.9795
			State Agency Budget Officer Approval
			<i>Maurice Alley</i>
			Funding Certification (certification required by T.C.A. § 9-4-5113 that there is a balance in the appropriation from which the obligated expenditure is required to be paid that is not otherwise encumbered to pay obligations previously incurred)
TOTAL	\$ -	\$ -	
End Date			
Contractor Ownership			
<input type="checkbox"/> African American	<input type="checkbox"/> Disabled	<input type="checkbox"/> Hispanic	<input checked="" type="checkbox"/> Small Business
<input type="checkbox"/> Asian	<input type="checkbox"/> Female	<input type="checkbox"/> Native American	<input type="checkbox"/> NOT minority/disadvantaged
OTHER minority/disadvantaged—			
Contractor Selection Method			
<input type="checkbox"/> RFP	<input type="checkbox"/> Competitive Negotiation	<input type="checkbox"/> Alternative Procurement Method	
<input type="checkbox"/> Non-Competitive Negotiation	<input checked="" type="checkbox"/> Government	<input checked="" type="checkbox"/> Other	
Procurement Process Summary			
Non-Competitive Contract Request			

RECEIVED

**CONTRACT
BETWEEN THE STATE OF TENNESSEE,
DEPARTMENT OF FINANCE AND ADMINISTRATION
AND
AMERICAN EXPRESS TRAVEL RELATED SERVICES COMPANY, INC.**

This Contract, by and between the State of Tennessee, Department of Finance and Administration and American Express Travel Related Services Company, Inc., hereinafter referred to as the "Contractor," is for the provision of the acceptance of American Express® Cards at State of Tennessee facilities, as further defined in the "SCOPE OF SERVICES." The State of Tennessee and its departments, agencies, entities and facilities which accept the American Express Card hereinafter are referred to as the "State".

The Contractor is a for-profit corporation. The Contractor's address is:

200 Vesey Street-WFC, 45th floor, New York, New York, 10285

The Contractor's place of incorporation or organization is New York.

A. SCOPE OF SERVICES:

- A.1. This contract provides for the acceptance of American Express Cards at State of Tennessee facilities as listed in the attached Appendix A, which is incorporated hereto and which may be amended from time to time upon receiving a mutually agreeable inclusion form. The "American Express Card" and "Card" mean any card or account access device issued by American Express Travel Related Services, Company, Inc., or its subsidiaries or affiliates or its or their licensees, bearing the American Express name or an American Express trademark, service mark or logo. "Cardmember" means the person whose name is embossed on the face of the Card. Payment or purchases made with the Card are "Charges".
- A.2. The State agrees to cause each State Location as defined below to accept the Card under the terms of this Contract in payment for goods and services sold. This includes payments or purchases made in person, by telephone, by mail, via the Internet or by any other method. Each location or method of collecting payments is a "State Location".
- A.3. For every Charge the State agrees to cause each State Location to create a record of Charge or an electronic reproducible record ("Charge Record") containing (1) the Card account number and expiration date; (2) the date the Charge was incurred; (3) the amount of the Charge, which must be the total amount of the payments or purchases on the Card plus applicable taxes; (4) the Authorization approval code number; (5) a mutually acceptable description of the goods or services purchased; (6) an imprint or other registration of the name, address, and account number (merchant number) assigned for each State Location(s); (7) the Cardmember's signature; and (8) the words "no refunds" if the State Location has a No Refund policy.
- A.4. For Charges made in person, the State agrees to cause each State Location to: (1) Create a Charge Record as described in Section A.3. and verify that the Cardmember's signature on the Charge Record reasonably matches the signature on the back of the Card; (2) Verify that the Card is not visibly altered or mutilated; (3) Ensure that the Card is being used within the valid dates shown on the face of the Card; (4) Verify that the Card is

signed in the same name as the name embossed on the front of the Card; and (5) Obtain Authorization as described in Section A.7.

- A.5. For all other Charges, such as Charges made by mail, telephone, via the Internet or at unattended State Locations ("Other Charge"), the State agrees to cause each State Location to: (1) Create a Charge Record as described in Section A.3., except with the words ("Mail Order", "Telephone Order", or "Signature on File" on the Cardmember signature line, and (2) Obtain Authorization as described in Section A.7. Online services, the worldwide web and other similar networks are included in the term "Internet". An "Internet Order" occurs when Card payment information is taken online, usually via a website payment page, e-mail or other online network for payment for goods or services.
- A.6. If the Cardmember denies making or authorizing a Charge and the State Location has not obtained the Cardmember's signature on the Charge, the Contractor will have the right to Full Recourse for such Charge. The Contractor will not have the right to Full Recourse for such a Charge based upon a claim that the goods were not received if the State Location has (1) verified that the address to which the goods were shipped is the Cardmember's billing address, and (2) obtained a signed receipt verifying the delivery of the goods to the Cardmember at such address.
- A.7. The State agrees to cause each State Location to obtain an authorization approval code number ("Authorization") from the Contractor as described in this section. Each Authorization request must be for the total amount for payments or purchases plus applicable taxes. Authorization is not a guarantee that the Contractor will accept the Charge without Full Recourse, nor is it a guarantee that the person making the Charge is the Cardmember. The State agrees to cause each State Location to not obtain Authorization on behalf of any other entity. If the State Location is processing a Charge electronically, the State agrees to cause each State Location to transmit full magnetic stripe data with its Authorization request via a swipe of the Card through its electronic authorization terminal. If the magnetic stripe is unreadable and the State Location has to key the transaction to obtain an Authorization, the State agrees to cause each State Location to take a manual imprint of the Card to validate Card presence. If the State Location fails to take a manual imprint for any keyed transaction, the Contractor will have Full Recourse for such Charge.

The State agrees to cause each State Location to obtain Authorization for every Charge regardless of amount. If the State Location does not have an electronic authorization terminal or if the terminal is unable to reach the Contractor's computer authorization system for Authorization, the State Location shall obtain Authorization for all Charges by calling the Contractor at the appropriate authorization telephone number.

The State agrees to cause each State Location to obtain Authorization for all Other Charges and for all Recurring Billing Charges regardless of the Authorization method and the amount of the Charge. Charges for goods or services which are shipped or provided more than thirty (30) days after the order is made, the State agrees to cause each State Location to obtain Authorization for such Charge at the time the order is made and again immediately before the State Location ships the goods or provides the services to the Cardmember.

- A.8. When the State Location gives a refund for a purchase made with a Card, the State Location will credit the Card account ("Credit"). The State Location will create a record of Credit ("Credit Record") and submit the Credit to the Contractor within seven (7) days of determining the Credit is due. The State agrees to cause each State Location to issue

Credits only for Charges made with the Card. The State agrees to cause each State Location to not give a monetary refund for goods or services purchased with the Card.

- A.9. The State Location's refund policy for purchases made with the Card will be at least as favorable as the State Location's refund policy for purchases made with any other form of payment. The State agrees to cause each State Location to disclose its refund policy to Cardmember at the time of the purchase and in a manner that complies with applicable law.
- A.10. The State agrees to cause each State Location to submit all Charges to the Contractor within seven (7) days of the date they are incurred; provided, however, that the State Location shall not submit any Charge until the goods or services purchased have been delivered to the Cardmember. The State agrees to cause each State Location to submit Credits as described in Section A.8. Charges and Credits will be deemed accepted on a given business day if received and processed before the close of business for that day at the location the Contractor designates. The State agrees to cause each State Location to not submit Charges or Credits on behalf of any other entity.
- A.11. The State warrants that all indebtedness arising from Charges that it submits are genuine and free of any liens, claims, or encumbrances. The State acknowledges that it does not have any right to bill and/or collect from any Cardmember for any purchase made with the Card.
- A.12. When the State Location submits Charges and Credits electronically ("Charge Data"), the State agrees to cause each State Location to do so over communication lines ("Transmission"). When the State Location transmits Charge Data electronically, the State agrees to cause each State Location to create and retain Charge Records and Credit Records.
- A.13. In the event that the State Location submits Charges and Credits on paper, the State agrees to cause each State Location to submit Charge Records and Credit Records on forms approved by the Contractor and in accordance with the instructions the Contractor provides and containing the required information including, but not limited to the assigned Merchant Number. A "Merchant Number" is the number assigned by the Contractor to each State Location accepting the Card.
- A.14. "Transmissions" are Charges and Credits submitted electronically over communication lines. They must contain information required by the Contractor including, but not limited to, the Merchant Number assigned and a description of the goods or services purchased which is acceptable to the Contractor. At the request of the Contractor, the State agrees to cause each State Location to place additional, less, or differently formatted information on Transmissions within thirty (30) days of the written notice from the Contractor. The Contractor is not obligated to accept any Transmission that does not comply with its requirements.
- A.15. For each Charge and/or Credit, the State agrees to cause each State Location to retain the original Charge Record or Credit Record and all documents evidencing such transaction or reproducible record thereof, for twenty four (24) months from the later of the date: (a) the State Location submitted the Charge or the Credit to the Contractor or (2) the State Location fully delivered the goods or provided the services purchased. The State agrees to cause each State Location to provide a copy of the Charge Record or Credit Record and other supporting documents to the Contractor within twenty (20) calendar days of request and acknowledges that the Contractor will have the right to Full Recourse with

respect to any Charge for which the State Location fails to provide such documents within such time period.

- A.16. The State agrees to cause each State Location to honor Cards properly presented in accordance with this Agreement. When a customer asks what payment methods the State Location accepts, the State agrees to cause each State Location to mention the American Express Card. When a Cardmember makes or requests to make a purchase with the Card, the State Location shall not try in any way to persuade the Cardmember to use any other payment method, nor to offer to extend credit or charge services to the Cardmember for that transaction through any other charge, credit, debit, or similar card or service; and shall not criticize or mischaracterize the Card or any service or programs offered in connection with the Card. The State agrees to cause each State Location not to impose any restrictions or conditions on the use or acceptance of the Card that are not imposed equally on the use or acceptance of any other charge, credit, debit or similar card or service. Each State Location shall not display, state, publish or otherwise exhibit a preference for any other charge, credit, debit or smart cards or similar card or service over the Card. Except for special promotions of limited duration funded by an issuer of another charge, credit or debit card, and subject to the State's compliance with the provisions in this section, the State shall not promote or express more actively the use of any other charge, credit, debit or similar card than the State promotes the use over the Card.
- A.17. The State agrees to cause each State Location to display the "American Express" signs, decals and other identification prominently at its State Locations, including the Contractor's "Take One" containers filled with the Card application forms, but only to the same extent that the State causes each State Location to display such materials for other charge, credit, debit, or similar cards or services.
- A.18. The State agrees to cause each State Location not to accept the Card for: Capital obligations and/or extraordinary expenses, including penalties or fines of any kind, damages, losses or any other costs or fees that are beyond the normal basic fee for the goods or services provided, gambling services, gambling chips or gambling credits, cash, goods which will be resold, sales by third parties, or amount which do not represent a bona fide sale of goods or services at a State Location.
- A.19. This Agreement does not give either party any rights in the other party's name, logo, service marks, trademarks, trade names, taglines, or any other proprietary designation ("Marks"). No use may be made of either party's Marks without the prior written permission of that party. Where the State Location mentions the Card as a payment method, the State agrees to cause each State Location to use the American Express Mark, but only as described in the logo sheets. The State agrees that the Contractor may list its name and list the name and address and State Locations in materials containing lists of establishments, including but not limited to the State's web site address, which accept the Card, which the Contractor may publish from time to time.
- B. CONTRACT TERM:
- B.1. Contract Term. This Contract shall be effective for the period commencing on November 1, 2005 and ending on the earlier of October 31, 2010 or once the Maximum Liability in Section C.1. below is reached. The State shall have no obligation for services rendered by the Contractor which are not performed within the specified period.

C. PAYMENT TERMS AND CONDITIONS:

C.1. Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed five hundred twenty-five thousand dollars (\$525,000.00). The Service Rates in Section C.3 shall constitute the entire compensation due the Contractor for the Service and all of the Contractor's obligations hereunder regardless of the difficulty, materials or equipment required. The Service Rates include, but are not limited to, all applicable taxes, fees, overheads, and all other direct and indirect costs incurred or to be incurred by the Contractor.

The Contractor is not entitled to be paid the maximum liability for any period under the Contract or any extensions of the Contract for work not requested by the State. The maximum liability represents available funds for payment to the Contractor and does not guarantee payment of any such funds to the Contractor under this Contract unless the State requests work and the Contractor performs said work. In which case, the Contractor shall be paid in accordance with the Service Rates detailed in Section C.3. The State is under no obligation to request work from the Contractor in any specific dollar amounts or to request any work at all from the Contractor during any period of this Contract.

C.2. Compensation Firm. The Service Rates and the Maximum Liability of the State under this Contract are firm for the duration of the Contract and are not subject to escalation for any reason unless amended.

C.3. Payment Methodology for Payment to the Contractor. The Contractor shall be compensated based on the Service Rates herein for units of service authorized by the State, regardless of the method of Card acceptance by the State (i.e., whether the State accepts the Card via an Internet transaction, via a telephone transaction, via an in-person transaction, or otherwise) in a total amount not to exceed the Contract Maximum Liability established in Section C.1.

The Contractor shall be compensated based upon the following Service Rates:

Cost Item Description	Year 1	Year 2	Year 3	Year 4	Year 5
Rate (% of Gross Sales)	2.25%	2.25%	2.25%	2.25%	2.25%
Charge for authorizations by telephone (Cost Per Item (\$XXXXX))	\$.00000	\$.00000	\$.00000	\$.00000	\$.00000

The Contractor shall submit monthly invoices, in form and substance acceptable to the State with all of the necessary supporting documentation, prior to any payment. Such invoices shall be submitted for completed units of service for the amount stipulated.

- C.4. Payment Methodology for Payment to the State. The Contractor will initiate payment to the State's Account(s) via Automated Clearing House ("ACH") within three (3) business days excluding Sunday and any Federal Reserve holiday after receipt and processing of applicable Charges, as described in Section A. If the payment date falls on a day that the bank is not open for processing ACH payments, the Contractor will initiate payments on the next day that the bank is open for processing ACH payments.
- C.5. Full Recourse. "Full Recourse" means that the Contractor has the right to payment from the State for the full amount of each Charge. The Contractor may deduct, recoup, and offset such amount from payments to the State or the State shall pay the Contractor promptly upon receipt of the Contractor's invoice. The Contractor shall have Full Recourse if the State Location(s) does not comply with the terms of this Contract. The Contractor will also have the right to Full Recourse as described in Sections A.6., A.7., A.16., and C.6. of this Contract.
- C.6. Disputed Charges. With respect to a claim, complaint or question brought about any Charge (Disputed Charge), (i) the Contractor shall have the right to Full Recourse, prior to contacting the State, if the Contractor determines that it has sufficient information to resolve the Disputed Charge in favor of the Cardmember or (ii) the Contractor may contact the State prior to exercising its right to Full Recourse with respect to a Disputed Charge. In case of either (i) or (ii) above, the State shall have twenty-five (25) days after the Contractor contacts the State to provide to the Contractor with a written response containing the information the Contractor requires. If a Cardmember, despite the State's reply, continues to withhold payment for the Disputed Charge and the Cardmember has the right under applicable law to withhold such payment, the Contractor will have the right to exercise Full Recourse, or the previous decision to exercise Full Recourse rights will remain in effect, for the amount of the Disputed Charge.
- C.7. Travel Compensation. The Contractor shall not be compensated or reimbursed for travel, meals, or lodging.
- C.8. Payment of Invoice. The payment of the invoice by the State shall not prejudice the State's right to object to or question any invoice or matter in relation thereto. Such payment by the State shall neither be construed as acceptance of any part of the work or service provided nor as an approval of any of the amounts invoiced therein.
- C.9. Invoice Reductions. The Contractor's invoice shall be subject to reduction for amounts included in any invoice or payment theretofore made which are determined by the State, on the basis of audits conducted in accordance with the terms of this contract, not to constitute proper remuneration for compensable services.
- C.10. Deductions. The State reserves the right to deduct from amounts which are or shall become due and payable to the Contractor under this or any contract between the Contractor and the State of Tennessee any amounts which are or shall become due and payable to the State of Tennessee by the Contractor.

- C.11. Automatic Deposits. The Contractor shall complete and sign an "Authorization Agreement for Automatic Deposit (ACH Credits) Form". This form shall be provided to the Contractor by the State. Once this form has been completed and submitted to the State by the Contractor, all payments to the Contractor, under this or any other contract the Contractor has with the State of Tennessee, shall be made by Automated Clearing House (ACH). The State shall remain active on receiving payments via ACH for the duration of this or any other contract the Contractor has with the State. The Contractor shall not invoice the State for services until the Contractor has completed this form and submitted it to the State. The Contractor shall not be responsible for any obligations, damages or liabilities over and above the amount of the applicable debit, credit or adjustment to the State's account in the event that any such debit, credit or adjustment is not honored by the State's bank or is improperly applied to the State's account.

D. STANDARD TERMS AND CONDITIONS:

- D.1. Required Approvals. The State is not bound by this Contract until it is approved by the appropriate State officials in accordance with applicable Tennessee State laws and regulations.
- D.2. Modification and Amendment. This Contract may be modified only by a written amendment executed by all parties hereto and approved by the appropriate Tennessee State officials in accordance with applicable Tennessee State laws and regulations.
- D.3. Termination for Convenience. The State may terminate this Contract without cause for any reason. Said termination shall not be deemed a Breach of Contract by the State. The State shall give the Contractor at least sixty (60) days written notice before the effective termination date.

The Contractor shall be entitled to receive compensation for satisfactory, authorized services completed as of the termination date, but in no event shall the State be liable to the Contractor for compensation for any service which has not been rendered.

Upon such termination, the Contractor shall have no right to any actual, general, special, incidental, consequential, or any other damages whatsoever of any description or amount, relating specifically to the termination of the Contract by the State.

- D.4. Termination for Cause. If the Contractor fails to properly perform its obligations under this Contract in a timely or proper manner, or if the Contractor violates any terms of this Contract, the State shall have the right to immediately terminate the Contract and withhold payments in excess of fair compensation for completed services. Notwithstanding the above, the Contractor shall not be relieved of liability to the State for damages sustained by virtue of any breach of this Contract by the Contractor.
- D.5. Subcontracting. The Contractor shall not assign this Contract or enter into a subcontract for any of the services performed under this Contract without obtaining the prior written approval of the State. If such subcontracts are approved by the State, they shall contain, at a minimum, sections of this Contract pertaining to "Conflicts of Interest" and

"Nondiscrimination" (Sections D.6. and D.7.). Notwithstanding any use of approved subcontractors, the Contractor shall be the prime contractor and shall be responsible for all work performed.

- D.6. Conflicts of Interest. The Contractor warrants that no part of the total Contract Amount shall be paid directly or indirectly to an employee or official of the State of Tennessee as wages, compensation, or gifts in exchange for acting as an officer, agent, employee, subcontractor, or consultant to the Contractor in connection with any work contemplated or performed relative to this Contract.
- D.7. Nondiscrimination. The Contractor hereby agrees, warrants, and assures that no person shall be excluded from participation in, be denied benefits of, or be otherwise subjected to discrimination in the performance of this Contract or in the employment practices of the Contractor on the grounds of disability, age, race, color, religion, sex, national origin, or any other classification protected by Federal, Tennessee State constitutional, or statutory law. The Contractor shall, upon request, show proof of such nondiscrimination and shall post in conspicuous places, available to all employees and applicants, notices of nondiscrimination.
- D.8. Records. The Contractor shall maintain documentation for all charges against the State under this Contract. The books, records, and documents of the Contractor, insofar as they relate to work performed or money received under this Contract, shall be maintained for a period of three (3) full years from the date of the final payment and shall be subject to audit at any reasonable time and upon reasonable notice by the State, the Comptroller of the Treasury, or their duly appointed representatives. The financial statements shall be prepared in accordance with generally accepted accounting principles.
- D.9. Monitoring. The Contractor's activities conducted and records maintained pursuant to this Contract shall be subject to monitoring and evaluation by the State, the Comptroller of the Treasury, or their duly appointed representatives.
- D.10. Progress Reports. The Contractor shall submit brief, periodic, progress reports to the State as requested.
- D.11. Strict Performance. Failure by any party to this Contract to insist in any one or more cases upon the strict performance of any of the terms, covenants, conditions, or provisions of this Contract shall not be construed as a waiver or relinquishment of any such term, covenant, condition, or provision. No term or condition of this Contract shall be held to be waived, modified, or deleted except by a written amendment signed by the parties hereto.
- D.12. Independent Contractor. The parties hereto, in the performance of this Contract, shall not act as employees, partners, joint venturers, or associates of one another. It is expressly acknowledged by the parties hereto that such parties are independent contracting entities and that nothing in this Contract shall be construed to create an employer/employee relationship or to allow either to exercise control or direction over the manner or method by which the other transacts its business affairs or provides its usual services. The

employees or agents of one party shall not be deemed or construed to be the employees or agents of the other party for any purpose whatsoever.

The Contractor, being an independent contractor and not an employee of the State, agrees to carry adequate public liability and other appropriate forms of insurance, including adequate public liability and other appropriate forms of insurance on the Contractor's employees, and to pay all applicable taxes incident to this Contract.

D.13. State Liability. The State shall have no liability except as specifically provided in this Contract, subject to the provisions set forth in section D.14. hereunder, entitled, "Hold Harmless".

D.14. Hold Harmless. The Contractor agrees to indemnify and hold harmless the State of Tennessee as well as its officers, agents, and employees from and against any and all claims, liabilities, losses, and causes of action which may arise, accrue, or result to any person, firm corporation, or other entity which may be injured or damaged as a result of acts, omissions, bad faith, negligence, or willful misconduct on the part of the Contractor, its employees, or any person acting for or on its or their behalf relating to this Contract. The Contractor further agrees it shall be liable for the reasonable cost of attorneys for the State in the event such service is necessitated to enforce the terms of this Contract or otherwise enforce the obligations of the Contractor to the State.

In the event of any such suit or claim, the Contractor shall give the State immediate notice thereof and shall provide all assistance required by the State in the State's defense. The State shall give the Contractor written notice of any such claim or suit, and the Contractor shall have full right and obligation to conduct the Contractor's own defense thereof. Nothing contained herein shall be deemed to accord to the Contractor, through its attorney(s), the right to represent the State of Tennessee in any legal matter, such rights being governed by *Tennessee Code Annotated*, Section 8-6-106.

While the State will not provide a contractual indemnification to the Contractor, such shall not act as a waiver or limitation of any liability for which the State may otherwise be legally responsible to the Contractor. The Contractor retains all of its rights to seek legal remedies against the State for losses the Contractor may incur in connection with the furnishing of services under this Contract or the failure of the State to meet its obligations under the Contract. It is the intent of the State and the Contractor that any claim by the Contractor under this Contract be limited to the categories and amounts provided in the Tennessee Claims Commission Act, *Tennessee Code Annotated*, Sections 9-8-301, et seq. The preceding sentence is included herein under the State's representation that it is required by State of Tennessee law and shall cease to apply to the extent that changes in State of Tennessee law allow for further recovery by State contractors.

D.15. Force Majeure. The obligations of the parties to this contract are subject to prevention by causes beyond the parties control that could not be avoided by the exercise of due care including, but not limited to, acts of God, riots, wars, strikes, epidemics or any other similar cause.

D.16. State and Federal Compliance. The Contractor shall comply with all applicable State and Federal laws and regulations in the performance of this Contract.

D.17. Governing Law. This Contract shall be governed by and construed in accordance with the laws of the State of Tennessee. The Contractor agrees that it will be subject to the exclusive jurisdiction of the courts of the State of Tennessee in actions that may arise under this Contract. The Contractor acknowledges and agrees that any rights or claims against the State of Tennessee or its employees hereunder, and any remedies arising therefrom, shall be subject to and limited to those rights and remedies, if any, available under *Tennessee Code Annotated*, Sections 9-8-101 through 9-8-407.

D.18. Completeness. This Contract is complete and contains the entire understanding between the parties relating to the subject matter contained herein, including all the terms and conditions of the parties' agreement. This Contract supersedes any and all prior understandings, representations, negotiations, and agreements between the parties relating hereto, whether written or oral.

D.19. Severability. If any terms and conditions of this Contract are held to be invalid or unenforceable as a matter of law, the other terms and conditions hereof shall not be affected thereby and shall remain in full force and effect. To this end, the terms and conditions of this Contract are declared severable.

D.20. Headings. Section headings of this Contract are for reference purposes only and shall not be construed as part of this Contract.

E. SPECIAL TERMS AND CONDITIONS:

E.1. Conflicting Terms and Conditions. Should any of these special terms and conditions conflict with any other terms and conditions of this Contract, these special terms and conditions shall control.

E.2. Communications and Contacts. All instructions, notices, consents, demands, or other communications required or contemplated by this Contract shall be in writing and shall be made by facsimile transmission, by overnight courier service, or by first class mail, postage prepaid, addressed to the respective party at the appropriate facsimile number or address as set forth below or to such other party, facsimile number, or address as may be hereafter specified by written notice.

The State:
Terry Mason, Accounting Manager
Department of Finance and Administration
312 8th Avenue North, 14th Floor Tennessee Tower, Nashville, TN 37243
615.741.9744
615.532.2332 fax

The Contractor:
Ritu Clementi
American Express
Government Services
Phone / Fax: 877-467-1768

All instructions, notices, consents, demands, or other communications shall be considered effectively given as of the day of delivery; as of the date specified for overnight courier service delivery; as of three (3) business days after the date of mailing; or on the day the facsimile transmission is received mechanically by the telefax machine at the receiving location and receipt is verbally confirmed by the sender if prior to 4:30 p.m. CST. Any communication by facsimile transmission shall also be sent by United States mail on the same date of the facsimile transmission.

E.3. Prohibited Advertising. The Contractor shall not refer to this Contract or the Contractor's relationship with the State hereunder in commercial advertising in such a manner as to state or imply that the Contractor or the Contractor's services are endorsed; except that the Contractor may indicate that the State accepts the Card.

E.4. Confidentiality. Each party shall keep confidential and not disclose to any third party the terms of this Contract and any information it receives from the other party unless disclosure is required by under applicable law.

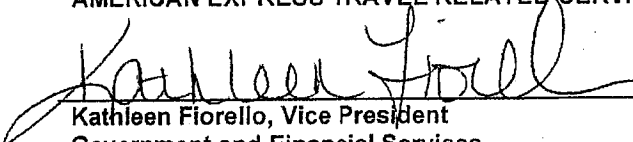
The State agrees that the names, addresses and account numbers of Cardmembers are the Contractor's sole and exclusive property. The State must not use or disclose any Cardmember's name, address or account number except as provided in this Contract or as required under applicable law.

E.5. Termination. It is expressly understood and agreed that the Contractor's rights relating to Full Recourse, Disputed Charges, Confidentiality, Hold Harmless (D.14.) and Termination (D.3. and D.4.) shall survive the termination of this Contract.

E.6. Date/Time Hold Harmless. As required by *Tennessee Code Annotated*, Section 12-4-118, the Contractor shall hold harmless and indemnify the State of Tennessee; its officers and employees; and any agency or political subdivision of the State for any breach of contract caused directly or indirectly by the failure of computer software or any device containing a computer processor to accurately or properly recognize, calculate, display, sort or otherwise process dates or times.

IN WITNESS WHEREOF:

AMERICAN EXPRESS TRAVEL RELATED SERVICES COMPANY, INC.:


Kathleen Fiorello, Vice President
Government and Financial Services

10.28.05
Date

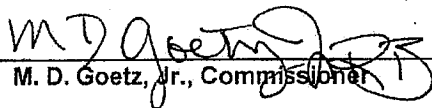
DEPARTMENT OF FINANCE AND ADMINISTRATION:


M. D. Goetz, Jr., Commissioner

10-31-05
Date
je

APPROVED:

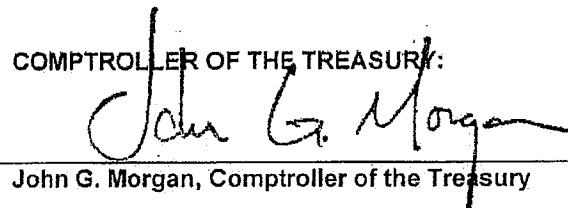
DEPARTMENT OF FINANCE AND ADMINISTRATION:


M. D. Goetz, Jr., Commissioner

NOV 29 2005

Date

COMPTROLLER OF THE TREASURY:


John G. Morgan, Comptroller of the Treasury

12/8/05
Date

APPENDIX A

<u>Agency/Department</u>	<u>Sample Listing Of Applications</u>
Dept. of Agriculture	Point of Sale and Portal Applications
Dept. of Commerce & Insurance	Point of Sale and Portal Applications
Dept. of Economic & Community Development	Point of Sale and Portal Applications
Dept. of Environment and Conservation	Point of Sale, Portal Applications and Hospitality Management System
Dept. of Health	Point of Sale and Portal Applications
Dept. of Safety	Point of Sale and Portal Applications
Secretary of State	Point of Sale and Portal Applications
Tennessee Bureau of Investigation	Point of Sale and Portal Applications
Tricor	Point of Sale and Portal Applications